

Message Text

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ACTION PM-03

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C O N F I D E N T I A L GUATEMALA 6137

LIMDIS/NOFORN

DEPT PLS PASS AMBASSADOR BOSTER

E.O. 11652: GDS
TAGS: MASS, GT
SUBJ: GUATEMALAN REQUEST FOR F-5 INTERCEPTORS

REF: A. GUATEMALA 6058? B. STATE 207984

1. SINCE EMBASSY ESTIMATES THAT F-5E/F PACKAGE REQUESTED BY
GOG (REF A) WOULD COME TO MORE THAN DOLS 25 MILLION, THE
FOLLOWING DISCUSSION IS KEYED TO THE REQUIREMENTS OF REF B,
PARA 5(E).

2. WHY GOG NEEDS THE ITEMS AND USE IT INTENDS TO MAKE OF
THEM: THE GUATEMALAN ARMED FORCES HAVE LONG DEPLORED THEIR
LACK OF AN AIR DEFENSE CAPABILITY. THIS PERCEIVED GAP HAS A
PROMINENT PLACE IN THE STRATEGIC ANALYSES AND MAP EXERCISES
CONDUCTED BY THE GENERAL STAFF AND BY STUDENTS AT THE CENTER
OF MILITARY STUDIES. ACQUISITION OF INTERCEPTOR AIRCRAFT IS
SEEN AS THE PRIMARY STEP IN FILLING THIS GAP, AND THE CHEAPEST
AND MOST RELIABLE WAY TO DO SO. BARRING AN UNLIKELY,
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AND SIGNIFICANT, EXPENDITURE FOR DEVELOPMENT OF
FACILITIES ELSEWHERE IN GUATEMALA, THE AIRCRAFT WOULD
BE BASED IN THE CAPITAL CITY AT THE COMBINED COMMERCIAL/
MILITARY AIRPORT. A SYSTEM TO PROVIDE ALERT AND WARNING
OF INTRUDER AIRCRAFT IS STILL IN THE "WISHFUL THINKING"
STAGE AS FAR AS WE KNOW. IN THEIR STRATEGIC THINKING THE
GUATEMALAN ARMED FORCES SENSE POTENTIAL AIR THREATS

FROM NEIGHBORING AREAS, THE MOST PALPABLE (TO THEM) BEING FROM BELIZE OVER THE SHORTER TERM, AND EL SALVADOR AND POSSIBLY HONDURAS OVER THE LONGER TERM.

3. IMPACT OF THE PROPOSED SALE ON MILITARY CAPABILITY, ETC:
THE ACQUISITION WOULD GIVE GUATEMALA ROUGHLY THE SAME AIR DEFENSE CAPABILITY AS THAT NOW ENJOYED BY ITS SMALLER NEIGHBORS EL SALVADOR (17 OURAGONS) AND HONDURAS (10 SUPER MYSTERES AND 10 F-86E'S). UNDER THE CIRCUMSTANCES, AND FROM OUR LIMITED PERSPECTIVE, A GUATEMALAN ACQUISITION OF THE SORT CONTEMPLATED SHOULD NOT CAUSE PRESSURE TO BUILD ELSEWHERE IN CENTRAL AMERICA FOR ADDITIONAL AIR POWER. ALTHOUGH THE F-5E MAY BE SUPERIOR TO INTERCEPTORS ALREADY IN THE AREA, IT WOULD NOT INTRODUCE A NEW CAPABILITY INTO CENTRAL AMERICA. WITH THEIR AIR DEFENSE GAP COVERED, GUATEMALA WOULD FEEL LESS VULNERABLE TO RETALIATION; TO THAT EXTENT, THE GOG MIGHT BE LESS HESITANT TO INITIATE HOSTILITIES, SAY, IN THE EVENT BRITAIN MOVED TO GRANT INDEPENDENCE UNILATERALLY TO BELIZE. NEVERTHELESS, IN OUR CONSIDERED JUDGMENT THE GOG WOULD GO TO WAR OVER BELIZE IN SUCH CIRCUMSTANCES REGARDLESS OF ITS VULNERABILITY TO AIR ATTACK. MOREOVER, WE HAVE LITTLE DOUBT THAT THE GOG WILL LOOK ELSEWHERE FOR THE CAPABILITY IT BELIEVES IT NEEDS SHOULD WE DENY ITS REQUEST.

4. ABILITY OF THE RECIPIENT TO OPERATE AND MAINTAIN, ETC.:
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THE GUATEMALAN AIR FORCE HAS SEVERAL YEARS' EXPERIENCE WITH THE A-37 (A 12 PLANE GROUND SUPPORT SQUADRON), ITS ONLY OPERATIONAL JET, AND SOME EXPERIENCE FLYING T-33'S. HOWEVER, IT WOULD BE ALMOST TOTALLY DEPENDENT ON THE TRAINING AND ASSISTANCE PACKAGE IT HAS REQUESTED TO INTEGRATE THE F-5 INTO ITS OPERATIONAL INVENTORY. IN ADDITION TO A USAF SITE SURVEY TEAM FOR THE PREPARATORY STAGES, AT LEAST ONE RESIDENT FACTORY TECHNICAL REPRESENTATIVE WOULD BE REQUIRED FOR ONE TO TWO YEARS.

5. FINANCING ASPECTS: PRESIDENT LAUGERUD HAS TOLD US THE GOG CAN AFFORD THE PACKAGE PURCHASE. NO REQUEST HAS BEEN MADE FOR USG FINANCING. WE EXPECT NONE, GIVEN, AMONG OTHER THINGS, GOG REJECTION OF U.S. MILITARY ASSISTANCE BECAUSE OF THE REQUIREMENT FOR HUMAN RIGHTS REPORTS. WE ASSUME THE GOG WOULD SEEK SOME FORM OF COMMERCIAL FINANCING.

6. ECONOMIC IMPACT: WE ESTIMATE THAT THE SALE WOULD BE IN THE DOLS 30-50 MILLION RANGE. FOR COMPARATIVE PURPOSES: WE PROJECT GUATEMALAN GNP FOR 1977 AT DOLS 5,300 MILLION; EXPORTS AND IMPORTS FOR 1977 ARE EXPECTED

TO REACH DOLS 1,200 MILLION EACH, ALTHOUGH 1978 EXPORTS
WILL LIKELY FALL SOMEWHAT DUE TO LOWER COMMODITY PRICES;
1977 DEFENSE OUTLAYS ARE BUDGETED AT DOLS 51 MILLION.
ASSUMING A COMMERCIAL INTEREST RATE AND A FIVE YEAR
PAYMENT PERIOD PRECEDED BY ONE YEAR GRACE, FINANCING OF
THE PURCHASE WOULD SEEM WELL WITHIN THE GOG'S ABILITY.
THE TREASURY IS IN SOLID CONDITION AND COULD STAND AN
EXTRA EXPENDITURE OF DOLS 10-12 MILLION PER YEAR WITHOUT
DIFFICULTY IF ECONOMIC CONDITIONS CONTINUE AS POSITIVE
AS EXPECTED. NOR WOULD INDIRECT COSTS (HANGARING,
UNANTICIPATED REPLACEMENT PARTS, FUEL, MAINTENANCE, ETC.)
RAISE THE AMOUNT ENOUGH TO REPRESENT A SERIOUS DRAIN.
THAT SAID, GUATEMALA IS NOT A RICH COUNTRY. CLEARLY,
ALTERNATIVE SOCIAL/ECONOMIC USES FOR THE PROJECTED
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EXPENDITURE ABOUND. HOWEVER, THE AVAILABLE CREDIT AND
STRONG FISCAL POSITION OF THE GOG DO NOT MILITATE AGAINST
SUCH A PURCHASE; AND U.S. DENIAL OF THE SALE WOULD
PROBABLY NOT MEAN THAT THESE RESOURCES WOULD BE DIVERTED
TO OTHER USES. MORE COSTLY ACQUISITIONS FROM NON-U.S.
SUPPLIERS MIGHT, INSTEAD, RESULT.

7. RELATIONSHIP OF PROPOSED SALE TO PRESIDENT'S ARMS
TRANSFER POLICY: THE SALE WOULD INTRODUCE A U.S. SUPER-
SONIC AIRCRAFT INTO CENTRAL AMERICA, BUT SUPERSONICS
OF EUROPEAN MANUFACTURE ALREADY OPERATE IN THE AREA.
WE DO NOT SEE THE ACQUISITION DISTORTING THE EXISTING
CENTRAL AMERICAN MILITARY LINE UP. AS TO WHETHER THE
SALE WOULD CONTRIBUTE TO U.S. NATIONAL SECURITY INTERESTS,
TO THE EXTENT U.S. AGREEMENT TO PROVIDE THE AIRCRAFT
STRENGTHENS PRESIDENT LAUGERUD'S POSITION WITH HIS
MILITARY DURING A CRUCIAL PERIOD, THE CHANCES OF A
NEGOTIATED SETTLEMENT OF THE POTENTIALLY EXPLOSIVE BELIZE
DISPUTE ARE ENHANCED, AND WITH IT LONG TERM PROSPECTS
FOR PEACE STABILITY IN THE AREA. IN THE SAME CONTEXT,
THE ONGOING DEPENDENCE RELATED TO SUCH A MAJOR ACQUISITION
WOULD GIVE THE U.S. AN IMPORTANT LEVER WITH GUATEMALA.

8. HUMAN RIGHTS ASPECTS: SYMBOLIC OVERTONES ASIDE, WE
DOUBT THE SALE WOULD HAVE SIGNIFICANT EFFECT, ONE WAY OR
ANOTHER, ON THE HUMAN RIGHTS SITUATION IN GUATEMALA.
WHATEVER OUR EXPLANATION, REFUSAL TO SELL THE AIRCRAFT
WOULD MOST LIKELY BE READ BY GOG AS A REFLECTION OF OUR
FRIENDSHIP WITH THE UK AND CONFIRMATION OF WHAT IS
WIDELY PRESUMED HERE TO BE FAVORITISM TOWARD HMG IN THE
BELIZE DISPUTE. THE MISSION HAS THE CAPABILITY, THROUGH
DAO AND MILGP, TO MONITOR USE OF THE AIRPLANES.

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9. WHETHER U.S. SHOULD APPROVE SALE AND WHY: DISCUSSED
IN GUATEMALA 6058, PARA 6.
ANDREWS

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Message Attributes

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